



STATE BOARD LEDGER

*A Publication of the Kentucky State Board of
Accountancy*

332 W. Broadway Louisville, KY 40202

(502) 595-3037

SPRING 2004

2004 License Renewals

Tax season is over and it is now time for one half of Kentucky's CPA's to get ready to renew their license to practice. On July 1, 2004 all even-numbered licenses will expire. To renew the license, you must complete and return the renewal application form (which will be mailed this month) with a check in the amount of \$100 to the State Board. The form and check must be **received** in the Board office **prior to July 1, 2004**.

Continuing Professional Education: When completing the renewal form you will want to pay particular attention to the section concerning continuing professional education (CPE). The reporting period for the renewal of your license--meaning that period of time when the CPE courses for renewal of the license this year should have been completed--is the two preceding calendar years: January 1, 2002 through December 31, 2003.

Renewal Requirement	Exemptions	Waivers
<p>The number of CPE hours required to renew your license depends on your area of practice during the reporting period as described below:</p> <ul style="list-style-type: none">• 3,000 hours or more in a public accounting firm – 80 hours• 3,000 hours or less in a public accounting firm – 60 hours• Employed in industry, education, government or not employed – 60 hours	<p>CPA who have reached the age of 65 by July 1st and have been continuously licensed for 25 years may request an exemption from CPE.</p> <p>This is done by checking the appropriate block on the back of the renewal notice.</p>	<p>The Board grants waivers from the CPE requirements on a case-by-case basis. The request must be approved by the Board prior to renewal.</p> <p>Waivers are granted for the following reasons:</p> <ul style="list-style-type: none">• Retirement• Physical or psychological reasons• Severe personal hardship <p>The CPE Waiver Request form can be downloaded from the Board's website at http://cpa.ky.gov.</p>

If you cannot report the required number of CPE hours, your license will not be renewed until the hours are obtained. **If your license is not renewed by July 1, the license expires and state law prohibits you from practicing public accounting or holding out as a CPA until the license is renewed.** While the Board has procedures to allow you to renew your license after July 1 you are still prohibited from practicing public accounting or holding out as a CPA until your license is renewed.

If you renew *after July 1*, you must satisfy the following additional requirements:

Renewal Between	July 2 to Aug. 31	Sept. 1 to Oct. 31	Nov. 1 to Dec. 31
License Fee	\$125	\$150	\$200
Additional Requirements	None	Submit course completion documents to support CPE hours reported	Submit course completion documents to support CPE hours reported

If the license is not renewed your name is removed from the Board's database and you must apply for reinstatement of the license.

New Law Regarding Reporting of Student Loans: Individuals renewing in 2004 should also be aware that legislation was passed during the 2002 session of the General Assembly, which requires that you provide information regarding whether or not you have any outstanding student loans. **This information is required by KRS 164.772.** This statute requires the Board to withhold renewal of the license of a CPA found to be in default. Therefore, a question appears on the license renewal notice regarding this matter. Since this question first appeared on the renewal notices for those licensees renewing in 2003, we felt it prudent to advise all licensees renewing in 2004 of this requirement. It should be noted that failure answer this question will result in your renewal notice being returned to you.

Peer Review Requirements: Another facet of the renewal process is the peer review requirements for firms that perform attest services. Proof of enrollment in a peer review program must be submitted with the renewal form for sole proprietors and public accounting firms that fall within these requirements. Proof of enrollment consists of submitting a copy of the final acceptance letter issued by the Kentucky Society of CPAs indicating acceptance of the peer review by a Report Acceptance Body ("RAB") and the due date of the next review (*see sample letter below*). NOTE: If you are unable to locate your firm's peer review acceptance letter, you may request a copy from the Society by e-mailing Peer Review Manager Vicki Blair at vblair@kycpa.org. Due to strict standards regarding confidentiality the Society cannot provide the State Board a copy of this letter. Include your FAX number when requesting a copy of this letter from the Society. Allow at least seven (7) days for your request to be processed.

Some firms will not be able to provide the acceptance letter due to the proximity of their peer review date to the license renewal date. The State Board and Kentucky Society work closely with these individuals and firms to assist them in meeting the peer review requirement necessary for the license renewal. If you fall into this category and have not yet scheduled your review, you need to act immediately. It takes a *minimum* of four weeks from the time the review is *completed* to the final acceptance process (the *AICPA Standards* allows up to 120 days). If you are concerned this problem may exist with your firm, please contact Debby Abell at the Board at 502.595.3037 or Society Peer Review Manager Vicki Blair at 502.266.5272 as early as possible to avoid problems with renewing your firm license. A list of qualified peer reviewers is available on the Society's website at www.kycpa.org.

Sample Text of Peer Review Acceptance Letter:

Dear Mr/Ms: "It is my pleasure to notify you that on (*Date*) the Task Force 1 South Central accepted the report on the most recent peer review of your firm. The due date for your next review is (*Date*). This is the date by which all review documents should be completed and submitted to the administering entity. Thank you for your firm's participation in the AICPA Peer Review Program." Cc: Reviewer

Renewal Questions? Contact the Board staff at 502.595.3037 or email <http://cpa.ky.gov>

CPA UPDATE – Reflects information from July 2003 – April 2004 Meetings

CPE Waivers

Ronald M. Apperson, 3517
Dean Scott Ewing, 2064
Thomas J. Hall, 1045

L. R. Hogue, 653
Theodore R. Renaker, Jr., 1373
James David Robbins, 1257

Dan R. Scott, 1521
Ben H. Shawler, 1419

Voluntary Surrender of Licenses

Peggy A. Anthanasakes, 4457
Leon M. Augusty, 2361
Janet Johnson Baker, 7571
Jacqueline S. Bals, 8551
Marnie J. Boyd, 7457
Bradley Carroll, 8667
Ashli Dawn Caronongan, 7325
Carl D. Coffee, 1727
David L. Coomes, 6511
William P. Cox, Jr., 4429
Melissa Ann Kellough-Darby, 8687
James T. Ehmann, 7843
Catherine M. Gussler, 5691

Robin Hayes-Haun, 5989
Yenjit Rachel Ilagan, 8645
John James Jagodzinski, 7963
Kathlyn F. Kirk, 3061
Christopher H. Kitchen, 1123
Editha L. Lavandera, 6249
Robert B. Lindsey, Jr., 1247
Brad A. Ludwick, 2657
Bonita L. McMillen, 2339
John E. Reger, 2991
Kimberly W. Robinson, 4661
Barksdale Fletcher Roberts, Jr., 5303
James Ryan, 4693

Carolyn (Hannah) Schwab, 5247
Lisa Shismanian, 6010
Cara L. Smith, 7837
Hugh W. Smith, 6073
Karen R. Steltenpohl, 4375
Mark A. Strong, 5391
John G. Sullivan, 1917
Ralph G. Swift, 2355
David M. Waycaster, 4175
Kelly H. Whitlatch, 5777
Robert Paul Williams, 6643
Sherrie Youngblood, 7269

Reinstatement of CPA License

Robert C. Bass, 2278
William E. Chady, 3104
Joseph Stanley Clark, 2442
Mary Jo Davis, 5220
Kelly G. Duncan, 4624
Michael L. Dyer, 3334
Byron Ellis, 3076

Michael G. Epperson, 3811
Robert K. Grigsby, 2872
Anthony Leachman, 8899
Rodney B. Lewis, 3465
Jane Freeman Molbert, 1940
Angela L. Ohlmann, 6575
Todd L. Phillips, 7940

Jeffrey A. Quatman, 7313
Denise Angela Redd, 7832
Laurie Elizabeth Thomason, 4515
Robert W. Tonini, 1593
Vicki L. Wood, 4640

DISCIPLINARY ACTIONS

Pursuant to regulation, the Board is required to publish the name of each license holder who is the subject of a disciplinary action along with a summary of the violation and action taken by the Board. Since the following are summaries of actions taken by the Board, readers may want to contact the Board to obtain a complete copy of the disciplinary action.

CASE NO. 2002-021 (Fred G. Roark, CPA, PSC) – Based upon a complaint received from the Kentucky Department of Education regarding substandard work performed in a school district audit prepared by Mr. Roark, the Board conducted an investigation of the audit. Following review of the responses to the complaint by Mr. Roark and a report by the CPA Investigator for the Board, an Agreed Order was entered into. Based upon the admission of Mr. Roark individually and on behalf of the Firm to the alleged deficiencies as noted in the letter from the Department of Education and in the investigator's report, and the agreement of Gary Williams, CPA to be bound by the terms of this Agreed Order the Board decided that a license to operate as a CPA firm shall be issued to Mr. Roark contingent upon Mr. Roark, the Firm, and Mr. Williams complying with the following terms and conditions:

1. From the effective date of the Agreed Order the Firm shall never again perform or issue an audit or review report unless every report is prepared and issued under the sole direction and authority of Mr. Williams. Mr. Roark shall have no authority to overrule any decision of Mr. Williams regarding whether the preparation and issuance of every audit and review report is in compliance with the applicable auditing standards;

CPA UPDATE – Reflects information from July 2003 – April 2004 Meetings (Cont)

2. The Firm shall be placed on probation for a period of two years from the effective date of the Order;
3. During the probationary period the CPA investigator for the Board shall have oversight authority of all audit and review reports prepared and issued by the Firm. This authority is intended to insure the audit and review reports are prepared in accordance with the applicable auditing standards and includes but is not limited to the Firm, the Respondent, and Mr. Williams complying with the following requirements:
 - a. Mr. Williams on behalf of the Firm must present to the CPA investigator for preissuance review the audits the Firm has prepared for issuance for the Bell County Library, the Bell County Volunteer Fire Department, and the city of Wallins for the fiscal year ending June 30, 2002. These audits must be presented to and approved by the CPA investigator prior to their release by the Firm;
 - b. Mr. Williams must submit to the CPA investigator the names of all clients the Firm has accepted to perform or will perform audit and review reports for during the probationary period;
 - c. In addition to the three previously mentioned audit reports, Mr. Williams must submit to the CPA investigator any audit or review report chosen by the CPA investigator for review prior to its issuance along with supporting documentation, such as work papers; and
 - d. Recommendations or suggestions made by the CPA investigator shall be adopted by Mr. Williams on behalf of the Firm and incorporated into every report. If Mr. Williams disagrees with the recommendations, the disputed recommendations shall be submitted to the Board for consideration prior to the report being issued. The Board shall then make the final decision on whether the recommendation should be adopted.
4. Mr. Roark and the Firm are responsible for any and all costs associated with the oversight by the CPA investigator;
5. The Firm shall be enrolled in a peer review program as approved by the Board;
6. Mr. Roark's individual license to practice is placed on probation for a period of five (5) years from the effective date of the Order;
7. The waiver from the continuing professional education requirements found in 201 KAR 1:100 Section 5 is not available to Mr. Roark during any time period that he, on behalf of the Firm is preparing or issuing a compilation report. Instead he shall continue to obtain 80 hours of continuing professional education as required by 201 KAR 1:100 Section 2(1). In addition, for each of the next two (2) licensure renewal periods, Mr. Roark shall report to the Board that he has completed 16 hours of continuing professional education in accounting courses. These courses are to be included as part of the 80 continuing professional education hours he is required to obtain to renew his license. Courses dealing with tax issues are not considered to qualify as accounting courses.

CASE NO. 2003-013 (Leslie W. Perkins, JR., CPA 1372) – This matter was before the Board as a result of Mr. Perkins holding himself out and practicing public accounting without a license. On July 1, 2002 Mr. Perkins license to practice as a CPA automatically expired. Following a visit to his office by an investigator for the Board it was discovered that Mr. Perkins was continuing to hold himself out to the public as a CPA by way of business cards, a sign posted outside his office door, and a sign on a wall of the building where his office is located. In addition Mr. Perkins advised the investigator that he had issued compilation reports during the time he was not licensed to practice. In failing to renew his license to practice while continuing to hold himself out to the public as a CPA Mr. Perkins violated KRS 325.380(1). Further by issuing compilation reports without being licensed to do so was in violation of KRS 325.380(2) and (4). Based

CPA UPDATE – Reflects information from July 2003 – April 2004 Meetings – (Cont)

upon the admission of Mr. Perkins to having violated KRS 325.380 (1), (2) and (4) as set forth above, Mr. Perkins entered into an Agreed Order which states that he will:

1. Cease and desist from practicing or holding himself out as a CPA;
2. Cease to provide any type of professional services whatsoever to any client regarding an audit, review or compilation;
3. Cease all work on and refuse to issue any type of audit report, review or compilation report he may be in the process of preparing for any client; and
4. To be considered for a new license Mr. Perkins shall:
 - a. Pay a fine to the Board in the amount of \$500.00;
 - b. Reimburse the Board for the costs incurred as a result of the investigation in the amount of \$30.00;
 - c. Comply with all of the requirements to be licensed as a CPA; and
 - d. Be placed on probation for a period of two years from the date of issuance of a new license to practice.

CASE NO. 2003-014 (Robert C. Bass, CPA 2278) – This matter was before the Board as a result of Mr. Bass holding himself out and practicing public accounting without a license. On July 1, 2002, Mr. Bass's license to practice as a CPA expired. Following a telephone call by an investigator for the Board to the Respondent and a review of the Yellow Pages for the city of Frankfort it was discovered that Mr. Bass was continuing to hold himself out to the public as a CPA. Mr. Bass admits that by having failed to renew his license to practice while continuing to hold himself out to the public as a CPA constituted a violation of KRS 325.380(1). Based upon the admission of Mr. Bass to having violated KRS 325.380 (1) as set forth above, he entered into an Agreed Order which states that he will:

1. Cease and desist from practicing or holding himself out as a CPA;
2. Cease to provide any type of professional services whatsoever to any client regarding an audit, review or compilation;
3. Cease all work on and refuse to issue any type of audit report, review or compilation report he may be in the process of preparing for any client; and
4. To be considered for a new license the Respondent shall:
 - a. Pay a fine to the Board in the amount of \$500.00;
 - b. Reimburse the Board for the costs incurred as a result of the investigation in the amount of \$30.00;
 - c. Comply with all of the reinstatement requirements in effect at the time this Order is entered into to have his CPA license reinstated; and
 - d. Be placed on probation for a period of two years from the date of issuance of a new license to practice.

CPA UPDATE – Reflects information from July 2003 – April 2004 Meetings – (Cont)

CASE NUMBERS 2003-036 and 037 (J. Theodore Brittain, CPA 3867) – These cases involved the failure of Mr. Brittain to return client records, and failure to respond to numerous Board inquiries. Attempts to contact Mr. Brittain by the Board's investigator were also unsuccessful. As a result the Board refused to renew Mr. Brittain's license in July of 2003, issued a formal complaint against him and attempted to schedule a hearing on the complaint. In the formal complaint Mr. Brittain was charged with having committed the following violations:

- (a) Failure to return the original records of a client upon request which constitutes a violation of KRS 325.420(1);
- (b) Failure to respond to a Board inquiry which constitutes a violation of KRS 325.340(1)(i); and
- (c) Misrepresenting to the Board that he had returned the records to the clients, which constitutes a violation of KRS 325.340(1)(h).

Following the issuance of a Complaint, Mr. Brittain entered into an Agreed Order in which he admitted the allegations in the Complaint were true and agreed:

- 1. His license to practice is suspended for a period of one year beginning July 1, 2003. Since the Board determined that he was not engaged in the practice of public accounting after June 30, 2003, the period of suspension begins to run as of July 1, 2003, and end on June 30, 2004;
- 2. He shall pay a fine to the Board in the amount of \$1,000.
- 3. He shall reimburse the Board for the costs it incurred as a result of investigating this matter in the amount of \$1,115.00;
- 4. After payment in full of the above-mentioned fine and investigator costs and conclusion of the suspension period he may seek reinstatement of his license by satisfying the reinstatement requirements in effect at that time.

KENTUCKY FACTS	
CPAs	CPA FIRMS
There are 7,326 certified public accountants licensed by the Board. Some practice in other states, but most reside and practice within the Commonwealth. Following is a breakdown by principal occupation:	There are 1,436 public accounting firms licensed to practice in Kentucky. Following is a breakdown of those firms by form of practice:
Public Practice – 2,664	Partnerships – 55
Industry – 2634	PSCs – 385
Education – 184	Limited Liability Companies – 128
Government – 372	Limited Liability Partnerships – 37
Retired – 230	Full-time Sole Proprietors – 300
Other – 1097	Part-time Sole Proprietors – 531
Substantial Equivalency – 145	

Kentucky Candidates and the Computer-based Exam

As expected, the computer-based examination launched on April 5, 2004. In February the Board mailed out over 700 applications to candidates in its exam database. As authorized under the procedures established by the National Association of State Boards of Accountancy (NASBA), the organization that operates the nationwide candidate database, the Board staff began entering data from applications received from interested candidates into the national database on March 1. Unfortunately, as happens sometimes with the implementation of a new computer software system, various problems arose with the system accepting and processing the data. To resolve these problems the Board staff worked closely with NASBA representatives and over time the majority of these problems have been corrected.

As of April 16 Board staff entered 215 initial and re-exam candidates into the system. The next step is for NASBA to issue a payment coupon to each of these candidates, which must be paid within 90 days. Following receipt of payment, NASBA issues a Notice to Schedule (NTS), which allows candidates to contact Prometric to schedule a date and time to sit for a section(s) of the exam. Candidates must schedule to sit for a section(s) of the exam within 6 months from the date the NTS is issued. As of April 16 NASBA has issued 99 Notices To Schedule to the 215 Kentucky candidates.

Unfortunately due to a number of reasons the Board is not provided with information as to when Kentucky candidates are scheduled to sit for a particular section of the exam. Instead the Board is informed of the number of appointments that have been scheduled at the testing centers in Kentucky, the dates of those appointments, and the sections of the exam scheduled for a particular date. With these parameters in mind the Board has been advised that as of April 13 a total of 65 appointments have been made. The breakdown of appointments per section is as follows:

SITE	AUD	BEC	REG	FAR	TOTAL
Louisville	12	11	12	11	46
Lexington	4	6	4	5	19

Candidates who have received a NTS may contact Prometric to schedule a date and time to take the exam by utilizing one of the following methods:

- Visit the Prometric web site for CPA exam candidates www.prometric.com/cpa (Available 24 hours a day seven days a week)
- Call the Prometric Candidates Services Call Center at 800-580-9648 (The Center is open Monday through Friday from 8:00 AM to 8:00 PM Eastern time)
- Call the Louisville or Lexington sites directly. The addresses and phone numbers are as follows:

Louisville

7400 New La Grange Rd., Suite 103
(502) 423-0478

Lexington

2573 Richmond Rd., Suite 260
(859) 268-3338

Kentucky candidates may also take the exam at Prometric sites located outside of Kentucky if seat time is available. Prometric sites closest to the borders of Kentucky are located in:

Cincinnati, OH
Evansville, IN
Clarksville, TN
Franklin, TN

Knoxville, TN
Carbondale, IL
Charleston, WV

**KENTUCKY STATE BOARD OF
ACCOUNTANCY**

Phone: (502) 595-3037

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<http://cpa.ky.gov>

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NAME _____

CERT NO. _____

FULLTIME EMPLOYER _____

DAYTIME PHONE () _____

MAILING ADDRESS _____

IS THIS YOUR HOME [] BUSINESS []

EMAIL ADDRESS _____

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Louisville, KY 40202

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